

The Influence of Corporate Governance on Earnings Management in Listed Manufacturing Companies in Sri Lanka

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The main objective of this paper is to investigate the influence of corporate governance on earnings management. Unlike most prior studies in the area, focused mainly on US firms, this study looks at the listed manufacturing companies in Sri Lanka. The study used secondary data of 30 manufacturing companies (2013-2017). The findings of the study reveal that board members with Finance expertise has a negative significant relationship with earnings management. This confirms that board members with finance expertise lead to reduce earnings management. Further, CEO duality has a negative significant relationship with earnings management. This means that firms which have two separate positions for chief Executive Officer and chairman are more effective in reducing earnings management. Moreover, it is revealed that board meeting has a positive significant relationship with earning management.

Keywords: *Corporate Governance, Board Characteristics, Earnings Management, Discretionary Accrual, Agency Theory*

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